SENATE BILL No. 445

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Repeal of inheritance tax. Provides that the state inheritance tax does not apply to property interest transfers made by a decedent who dies after June 30, 1999. Amends the Indiana estate tax formula and provides that the amended formula applies to property interest transfers made by a decedent who dies after June 30, 1999.

Effective: July 1, 1999.

Ford, Alting

January 13, 1999, read first time and referred to Committee on Finance.





First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 445

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.

SECTION 2. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.

SECTION 3. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.2. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.

SECTION 4. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY



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1	1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not			
2	apply to a property interest transferred from the estate of a			
3	decedent whose death occurs after June 30, 1999.			
4	SECTION 5. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE			
5	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY			
6	1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not			
7	apply to a property interest transferred from the estate of a			
8	decedent whose death occurs after June 30, 1999.			
9	SECTION 6. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE			
10	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY			
11	1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not			
12	apply to a property interest transferred from the estate of a			
13	decedent whose death occurs after June 30, 1999.			
14	SECTION 7. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA CODE			
15	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY			
16	1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not			
17	apply to a property interest transferred from the estate of a			
18	decedent whose death occurs after June 30, 1999.			
19	SECTION 8. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA CODE			
20	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY			
21	1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not			
22	apply to a property interest transferred from the estate of a			
23	decedent whose death occurs after June 30, 1999.			
23 24	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA			
23 24 25	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS			
23 24 25 26	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this			
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23 24 25 26 27 28 29 30	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section			
23 24 25 26 27 28 29 30 31	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July			
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23 24 25 26 27 28 29 30 31 32 33 34	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula:			
23 24 25 26 27 28 29 30 31 32 33 34 35	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula: STEP ONE: Divide:			
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23 24 25 26 27 28 29 30 31 32 33 34 35 36 37	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula: STEP ONE: Divide: (A) the value of the decedent's Indiana gross estate; by (B) the value of the decedent's total gross estate for federal			
23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula: STEP ONE: Divide: (A) the value of the decedent's Indiana gross estate; by (B) the value of the decedent's total gross estate for federal estate tax purposes.			
23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula: STEP ONE: Divide: (A) the value of the decedent's Indiana gross estate; by (B) the value of the decedent's total gross estate for federal estate tax purposes. STEP TWO: Multiply:			
23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38	decedent whose death occurs after June 30, 1999. SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999. SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999. (b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula: STEP ONE: Divide: (A) the value of the decedent's Indiana gross estate; by (B) the value of the decedent's total gross estate for federal estate tax purposes.			

decedent's federal estate tax.



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1	The product is the Indiana portion of the federal state death tax
2	credit.
3	STEP THREE: Subtract:
4	(A) the amount of all Indiana inheritance taxes actually paid
5	as a result of the decedent's death; from
6	(B) the product determined under STEP TWO.
7	STEP FOUR: Determine the greater of the following:
8	(A) The remainder determined under STEP THREE.
9	(B) Zero (0).
10	(b) (c) For purposes of this section, the value of a nonresident
11	decedent's Indiana gross estate equals the total fair market value on the
12	appraisal date of tangible personal property and real estate which had
13	an actual situs in Indiana at the time of the decedent's death and which
14	is included in the decedent's gross estate for federal estate tax purposes
15	under Sections 2031 through 2044 of the Internal Revenue Code.
16	(c) (d) For purposes of this section, the value of a resident
17	decedent's Indiana gross estate equals the total fair market value on the
18	appraisal date of personal property and real estate that had an actual
19	situs in Indiana at the time of the decedent's death and all intangible
20	personal property wherever located that is included in the decedent's
21	gross estate for federal estate tax purposes.
22	(d) (e) For purposes of this section, the value of a resident or
23	nonresident decedent's total gross estate for federal estate tax purposes
24	equals the total fair market value on the appraisal date of the property
25	included in the decedent's gross estate for federal estate tax purposes
26	under Sections 2031 through 2044 of the Internal Revenue Code.
27	(e) (f) For purposes of determining the value of a decedent's Indiana
28	gross estate and the decedent's total gross estate, the appraisal date for
29	each property interest is the date on which the property interest is
30	valued for federal estate tax purposes.
31	(f) (g) The estate tax does not apply to a property interest transfer
32	made by a resident decedent if the interest transferred is in:
33	(1) real property located outside Indiana, regardless of whether
34	the property is held in a trust or whether the trustee is required to
35	distribute the property in-kind; or
36	(2) real property located in Indiana, if:
37	(A) the real property was transferred to an irrevocable trust
38	during the decedent's lifetime;
39	(B) the transfer to the trust was not made in contemplation of
40	the transferor's death, as determined under IC 6-4.1-2-4; and
41	(C) the decedent does not have a retained interest in the trust.
42	SECTION 11 IC 6-41-11-25 IS ADDED TO THE INDIANA



1	CODE AS A NEW SECTION TO READ AS FOLLOWS
2	[EFFECTIVE JULY 1, 1999]: Sec. 2.5. (a) This section applies to the
3	estate of a decedent whose death occurs after June 30, 1999.
4	(b) The Indiana estate tax is the amount determined in STEP
5	THREE of the following formula:
6	STEP ONE: Divide:
7	(A) the value of the decedent's Indiana gross estate; by
8	(B) the value of the decedent's total gross estate for federal
9	estate tax purposes.
10	STEP TWO: Multiply:
11	(A) the quotient determined under STEP ONE; by
12	(B) the federal state death tax credit allowable against the
13	decedent's federal estate tax.
14	The product is the Indiana portion of the federal state death
15	tax credit.
16	STEP THREE: Determine the greater of the following:
17	(A) The product determined under STEP TWO.
18	(B) Zero (0).
19	(c) For purposes of this section, the value of a nonresident
20	decedent's Indiana gross estate equals the total fair market value
21	on the appraisal date of tangible personal property and real estate
22	that had an actual situs in Indiana at the time of the decedent's
23	death and that is included in the decedent's gross estate for federal
24	estate tax purposes under Sections 2031 through 2044 of the
25	Internal Revenue Code.
26	(d) For purposes of this section, the value of a resident
27	decedent's Indiana gross estate equals the total fair market value
28	on the appraisal date of personal property and real estate that had
29	an actual situs in Indiana at the time of the decedent's death and all
30	intangible personal property wherever located that is included in
31	the decedent's gross estate for federal estate tax purposes.
32	(e) For purposes of this section, the value of a resident or
33	nonresident decedent's total gross estate for federal estate tax
34	purposes equals the total fair market value on the appraisal date
35	of the property included in the decedent's gross estate for federal
36	estate tax purposes under Sections 2031 through 2044 of the
37	Internal Revenue Code.
38	(f) For purposes of determining the value of a decedent's
39	Indiana gross estate and the decedent's total gross estate, the
40	appraisal date for each property interest is the date on which the
41	property interest is valued for federal estate tax purposes.
42	(g) The estate tax does not apply to a property interest transfer



1 2	made by a resident decedent if the interest transferred is in: (1) real property located outside Indiana, regardless of	
3	whether the property is held in a trust or whether the trustee	
4	is required to distribute the property in-kind; or	
5	(2) real property located in Indiana, if:	
6	(A) the real property was transferred to an irrevocable	
7	trust during the decedent's lifetime;	
8	(B) the transfer to the trust was not made in contemplation	
9	of the transferor's death, as determined under	
10	IC 6-4.1-2-4; and	
11 12	(C) the decedent does not have a retained interest in the trust.	
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